Postal Regulatory Commission
Submitted 8/17/2020 9:55:06 AM
Filing ID: 114263
Accepted 8/17/2020
ORDER NO. 5637

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners: Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Periodic Reporting
(Proposal Nine)

Docket No. RM2020-1

ORDER ON ANALYTICAL PRINCIPLES USED IN PERIODIC REPORTING (PROPOSAL NINE)

(Issued August 17, 2020)

I. INTRODUCTION

On October 31, 2019, the Postal Service filed a petition pursuant to 39 C.F.R. § 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to the analytical methods approved for use in periodic reporting.[1] Proposal Nine seeks to update inputs into the analysis used for the allocation of facility-related costs to products. Petition at 1. The current methodology uses input data from a

[1] Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Nine), October 31, 2019, at 1 (Petition). Proposal Nine is attached to the Petition.

Facility Space Usage Study (FSUS) conducted in 1999 (1999 FSUS).[2] Proposal Nine is based on a new FSUS conducted in 2018 and 2019 (2019 FSUS). *Id.* at 3. The Postal Service attached the 2019 Facility Space Usage Study Report to the Petition, which describes the 2019 FSUS in greater detail.[3] In support of Proposal Nine, the Postal Service also filed a public and a non-public library reference.[4]

For the reasons discussed below, the Commission approves Proposal Nine.

II. PROCEDURAL HISTORY

On November 4, 2019, the Commission issued a notice initiating this proceeding, soliciting public comment, and appointing a Public Representative.[5] The Postal Service provided responses to three Chairman's Information Requests.[6] The Postal Service filed an additional public and non-public library reference with its Response to CHIR No. 3.[7]

---

[2] Petition, Proposal Nine at 1. The 1999 FSUS was "presented in Docket No. R2005-1, [L]ibrary [R]eference USPS LR-K-62" and "[s]ubsequent dockets, including all Annual Compliance (ACR) dockets, relied on this same methodology and included modifications that reflected facility space usage changes that occurred each Fiscal Year (FY) since 2005." *Id.*

[3] *Id.* at 4. 2019 Facility Space Usage Study Report, United States Postal Service Cost Attribution, September 2019 (2019 FSUS Report).

[4] *See* Notice of Filing of USPS-RM2020-1/1 and USPS-RM2020-1/NP1 and Application for Nonpublic Treatment, October 31, 2019.

[5] Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Nine), November 4, 2019 (Order No. 5291).

[6] Chairman's Information Request No. 1, January 2, 2020 (CHIR No. 1); Response of the United States Postal Service to Question 1 of Chairman's Information Request No. 1, January 29, 2020 (Response to CHIR No. 1); Chairman's Information Request No. 2, March 11, 2020 (CHIR No. 2); Response of the United States Postal Service to Question 1 of Chairman's Information Request No. 2, March 18, 2020 (Response to CHIR No. 2); Chairman's Information Request No. 3, June 2, 2020 (CHIR No. 3); Responses of the United States Postal Service to Questions 1-16 of Chairman's Information Request No. 3, June 10, 2020 (Response to CHIR No. 3); Library References USPS-RM2020-1/2 and USPS-RM2020-1/NP2, June 10, 2020. The Postal Service filed a motion for late acceptance of Response to CHIR No. 3. *See* Motion of the United States Postal Service for Late Acceptance of Response to Chairman's Information Request No. 3, June 10, 2020 (Motion). The Motion is granted.

[7] *See* Notice of Filing of USPS-RM2020-1/2 and USPS-RM2020-1/NP2 and Application for Nonpublic Treatment, June 10, 2020.

The Public Representative filed comments on December 20, 2019.[8] No other party filed comments.

III. BACKGROUND

The existing methodology for allocating facility-related costs to products uses input data from the 1999 FSUS presented in Docket No. R2005-1, Library Reference USPS-LR-K-62.[9] The Annual Compliance Report (ACR) filings rely on the 1999 FSUS. Petition, Proposal Nine at 1. The adjusted[10] 1999 FSUS space category inputs[11] are used in the Cost and Revenue Analysis (CRA) to develop distribution keys that distribute accrued facility-related space provision and space support costs to products and institutional cost.[12] In FY 2018, facility-related space provision and space support costs accounted for $4.7 billion, or 6.3 percent of total costs.[13]

---

[8] Public Representative Comments, December 20, 2019 (PR Comments).

[9] Petition, Proposal Nine at 1. *See* Docket No. R2005-1, Library Reference USPS-LR-K-62, April 8, 2005. The United States Postal Service Witness Smith used the 1999 FSUS input data to distribute facility-related costs in Docket No. R2005-1. *See* Petition, Proposal Nine at 1; Docket No. R2005-1, Direct Testimony of Marc A. Smith on Behalf of the United States Postal Service, April 8, 2005 (Docket No. R2005-1, USPS-T-13).

[10] The 1999 FSUS inputs are updated and adjusted annually using information on equipment deployments and removals, facility space and rental growth, as well as periodically to reflect operational changes since FY 1999. *See* Docket No. ACR2018, Library Reference USPS-FY18-8, December 28, 2018, Excel file "FCILTY18.xlsx," tab "Adjusted Space by Cost Pools." *See* also Docket No. R2006-1, Library Reference USPS-LR-L-54, May 3, 2006, Word file "LR-L-54.doc," section "Preface."

[11] The adjusted space category input percentages are used to distribute 100,000,000 square feet (space) and $100,000,000 (rental value). *See* Docket No. ACR2018, Library Reference USPS-FY18-8, Excel file "FCILTY18.xlsx," tab "CRA Input."

[12] *See* United States Postal Service Periodic Report, Rule 39 C.F.R. Section 3050.60 (f) Report for FY 2018 (Summary Descriptions), July 1, 2019, folder "Rule 39 CFR Sec 3050.60(f)_Report FY18," folder "SummaryDescriptionsFY2018," folder "CRA.Summary.Description," Word file "APPF-18.doc." Each space category input has a specific variability and distribution key. *Id.*; *see* Docket No. ACR2018, Library Reference USPS-FY18-8, Excel file "FCILITY18.xlsx," tab "Component Variability."

[13] 2019 FSUS Report at 3. Out of the $4.7 billion, custodial personnel (cost segment 11.1) costs were $1.3 billion, rents (cost segment 15.1) were $1.0 billion, and building depreciation (cost segment 20.3.1) costs were $0.8 billion. *See* Summary Descriptions, folder "Rule 39 CFR Sec 3050.60(f)_Report FY18," folder "SummaryDescriptionsFY2018," folder "CRA.Summary.Description," Word files "CS11-18.doc," "CS15-18.doc," "CS16-18.doc," "CS18-18.doc," and "CS20-18.doc;" Response to CHIR No. 3, question 10.c. n.13.

The space category inputs are used to develop four different distribution keys that are used to: (1) distribute accrued space provision costs (rents, building and leasehold depreciation, and interest) attributable to products and designated as institutional cost, (2) distribute accrued space support costs (custodial personnel, contract cleaners, plant and building maintenance, fuel, utilities and United States Postal Service security force) attributable to products and designated as institutional cost, (3) create mail processing space provision piggyback factors, and (4) create mail processing space support-related piggyback factors.[14]

The "Total Rental Value Key" (CRA component 1199)[15] is used to distribute accrued space provision costs[16] attributable to products and designated as institutional cost.[17] The "Total Space Key" (CRA component 1099)[18] is used to distribute accrued

[14] *See* Summary Descriptions, folder "Rule 39 CFR Sec 3050.60(f) Report FY18," folder "SummaryDescriptionsFY2018," folder "CRA.Summary.Description," Word file "APPF-18.doc;" Docket No. ACR2018, Library Reference USPS-FY18-8, PDF file "USPS-FY18-8 Preface.pdf," at 1.

[15] The "Total Rental Value" (CRA component 1199) distribution key is developed from the sum of the distributed to products and designated as institutional space categories relative rental value inputs. *See* Docket No. ACR2018, Library Reference USPS-FY18-31, December 28, 2018, folder "USPS-FY18-31.Files," folder "CRA Cost Files," Excel file "FY18Public.B.xlsx," tab "CS98.6," column BZ.

[16] The accrued space provision costs are identified in the CRA nomenclature by component and segment. Rents as components 165 and 234/costs segment 15.1.1 and 15.1.2, depreciation-buildings as component 236/cost segment 20.3.1, depreciation-leasehold as component 237/cost segment 20.3.2, and interest as component 587/cost segment 20.5.1 *See* Docket No. ACR2018, Library Reference USPS-FY18-31, folder "USPS-FYY18-31.Files," folder "CRA Cost Files," Excel file "FY18Public.B.xlsx," tabs "CS15;" "CS20."

[17] This distribution is shown in Docket No. ACR2018, Library Reference USPS-FY18-31, folder "USPS-FYY18-31.Files," folder "CRA Cost Files," Excel file "FY18Public.B.xlsx," tab "CS15," column D; tab "CS20," columns N, O.

[18] The "Total Space Value" (CRA component 1099) distribution key is developed from the sum of the distributed to products and designated as institutional space categories relative square feet value inputs. *See* Docket No. ACR2018, Library Reference USPS-FY18-31, folder "USPS-FYY18-31.Files," folder "CRA Cost Files," Excel file "FY18Public.B.xlsx," tab "CS98.5," column CA.

space support costs[19] attributable to products and designated as institutional cost.[20] The "Total Mail Processing Related Rental Value Key" (CRA component 1197)[21] is used for the mail processing-related space provision piggyback factor development. The "Total Mail Processing Related Space Key" (CRA component 1097)[22] is used for the mail processing-related space support piggyback factor development.

The Postal Service Office of Inspector General (OIG) audit report of the building occupancy data (facility space usage data) found that for the Postal Service's FY 2014 ACR, building occupancy costs did not accurately reflect current network and operational changes.[23]

[19] The accrued space support costs are identified in the CRA nomenclature by component and segment. Custodial personnel as component 74/cost segment 11.1.1, contract cleaners as component 81/cost segment 11.1.2, plant and building equipment maintenance as component 79/cost segment 11.3, fuel as component 166/cost segment 15.2.1, utilities as component 167/cost segment 15.2.2, custodial and building supplies and services as component 176/cost segment 16.3.1, and United States Postal Service security force as component 194/cost segment 18.1.4.1. *See* Docket No. ACR2018, Library Reference USPS-FY18-31, folder "USPS-FYY18-31.Files," folder "CRA Cost Files," Excel file "FY18Public.B.xlsx," tabs "CS11," "CS15," "CS16," "CS18."

[20] This distribution is shown in Docket No. ACR2018, Library Reference USPS-FY18-31, folder "USPS-FYY18-31.Files," folder "CRA Cost Files," Excel file "FY18Public.B.xlsx," tab "CS11," columns D, E, tab "CS15," columns G, H, tab "CS16," column I, tab "CS18," column G.

[21] The "Total Mail Processing Related Rental Key Value" (CRA component 1197) is developed as the sum of the distributed to products and designated institutional mail processing-related space categories relative rental value inputs. *See* Docket No. ACR2018, Library Reference USPS-FY18-31, folder "USPS-FYY18-31.Files," folder "CRA Cost Files," Excel file "FY18Public.B.xlsx," tab "CS98.6" column BY.

[22] The "Total Mail Processing Related Space Key" (CRA component 1097) is developed as the sum of the distributed to products and designated institutional mail processing-related space categories relative square feet value inputs. *See* Docket No. ACR2018, Library Reference USPS-FY18-31, folder "USPS-FYY18-31.Files," folder "CRA Cost Files," Excel file "FY18Public.B.xlsx," tab "CS98.5" column BY.

[23] United States Postal Service Office of Inspector General Audit Report CP-AR-16-002, U.S. Postal Service Building Occupancy Data, December 8, 2015, at 1.

IV. SUMMARY OF PROPOSAL NINE

A. Methodology

Objective. The Postal Service seeks to update the methodology for estimating facility-related costs. Petition, Proposal Nine at 1. The Postal Service explains that consistent with the current methodology, the 2019 FSUS results would be used to develop CRA inputs used to estimate equipment and facility-related costs by product and as inputs to the operations-specific piggyback factor analysis that was last filed in Docket No. ACR2018, Library Reference USPS-FY18-25.[24] Proposal Nine seeks to modify the Docket No. ACR2018 version of the facility file workbook to accommodate the 2019 FSUS data. Petition, Proposal Nine at 4.

The Postal Service states that the objective for the 2019 FSUS was to "disaggregate the total [electronic Facility Management System (eFMS)] building gross square footage space into space estimates for 67 categories that represent postal operations and functions."[25] The Postal Service achieved this objective by using a combination of both "non-sampled" and "sampled" space. *Id.* at 3. The "non-sampled" space is the eFMS space that can be directly assigned to one of 67 space categories.[26] The "sampled" space is space, which is assigned to certain space categories using

---

[24] Petition, Proposal Nine at 4. The Postal Service also included a prototype of the facility Excel file that would replace Docket No. ACR2018, Library Reference USPS-FY18-8, Excel file "FCILTY18.xlsx" in future ACRs if Proposal Nine is approved. *Id*. *See* Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY19.PROP9.xlsx."

[25] 2019 FSUS Report at 3. The Postal Service describes the eFMS data system as "the official postal record for all USPS-controlled property and is used to manage business processes related to lease management, real property assets, repair and construction projects, facility planning and optimization, and facility energy use." *Id.* at 4. The eFMS data are also used to inflate the sample statistics to population statistics by strata. *Id.* at 5.

[26] *Id.* at 4. Space category group numbers 1 through 51 comprise the mail processing functions that reflect the current cost pool structure from Proposal Seven, which was approved by the Commission in Order No. 4855. Petition, Proposal Nine at 3. *See* Docket No. RM2018-10, Order on Analytical Principles Used in Periodic Reporting (Proposal Seven), October 12, 2018 (Order No. 4855). The Commission approved Proposal Seven because it found that it would improve the quality, accuracy, and completeness of the Cost Segment 3 and certain mail processing cost pools by better reflecting the current operational environment. Order 4855 at 12.

sampling techniques.[27] It is also the space allocated to operational data sources such as the eFMS, the Facility Database System (FDB), the Facility File Share (FFS) drive, the web End-of-Run system (weEOR), and the web Management Operating Data System (webMODS).[28]

Operational Data Sources. The space survey portion of the eFMS was used extensively in the Proposal Nine methodology, as it contains various space statistics such as the net interior square footage and the building gross square footage for a given facility. *Id.* at 5. The webMODS contains workhour and volume data for reporting (into the MODS) facilities. *Id.* at 7. Reports from the webMODS were used to "verify that the major operations for a given mail processing facility are represented in the facility layouts" and the MODS operation numbers (associated with the workhours) in these reports were used to determine how some space was categorized. *Id.*

Sample Design. Two separate sample design methods were used, one for mail processing facilities and another for delivery and retail facilities. *Id.* at 7. Space data from a sample of facility layouts representing 103 mail processing facility groupings and 150 delivery and retail units were collected and disaggregated into space by operation and function. *Id.* at 1. The sample design included 11 mail processing facility strata and 6 delivery and retail facility strata. *Id.* The Postal Service used these sampled space data to estimate the facility population space data using "combined ratio"

[27] 2019 FSUS Report at 4. For the "sampled" space, all postal-managed facilities were first grouped into strata and the space breakdown for a sample of facilities within each strata were collected and used to estimate the population results described further in the Proposal Nine methodology description. *Id.*

[28] *Id.* The FDB is "a postal software application tool that is used for sharing property data and managing the various types of business functions within occupied buildings." *Id.* at 5. The FFS drive is an online repository of postal facility layouts. *Id.* at 6. The FFS drive contains layouts for "virtually all mail processing facilities and their associated annexes." *Id.* The FFS drive does not contain the facility layouts for all Delivery and Retail (D&R) facilities, only for several hundred D&R facilities. *Id.* The webEOR is an online tool used to access processing data for facilities with sorting equipment. *Id.*

estimation.[29] It explains that this methodology is used "to disaggregate the total [ ] eFMS building gross square footage for active postal-managed buildings into space categories representing each operation and function."[30]

Mail Processing Facilities Sample Design. For the mail processing facility sample selection, the Postal Service used stratification methods to improve the precision of the estimates of space for the operation and function categories. 2019 FSUS Report at 9. For mail processing facilities under Proposal Nine, the sample size was selected to produce sampling coefficients of variation (CV) of less than 5 percent for the delivery bar code sorter (DBCS) and Automated Flat Sorting Machine100 (AFSM100) proxies, using a combined ratio estimator. *Id.* at 12.

Delivery and Retail Facilities Sample Design. For the delivery and retail facilities sample selection, the Postal Service also used stratification methods. *Id.* at 13. However, the sample sites were not randomly selected. *Id.* at 14. The Postal Service states that "[t]he sample sizes were not determined by any empirical means." *Id.* at 15. The selected retail and delivery facilities sample included 150 facilities from 35 states and 45 districts. *Id.*

Data Collection. Unlike the 1999 study, the Proposal Nine data were not collected directly from field personnel. *Id.* at 7. A Postal Service Headquarters team conducted this study using a combination of eFMS data and space data collected from the facility layouts on the FFS drive. *Id*. Data collection began in early 2018 and ended roughly 18 months later. *Id.* at 1. In some cases, the non-sampled space data from

---

[29] *Id.* at 1. *See* William G. Cochrane, *Sampling Techniques* (Third Edition), at 164-169. The combined ratio calculations are shown in Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY SPACE SUMMARY.xlsx," tab "R."

[30] *Id.* at 1. The calculations used to estimate the space by operation and function categories are not detailed in the body of the methodology section of this Order. The sample data and the calculations used to estimate the space by operation and function and calculate coefficients of variation are contained in the Postal Service's filing included with the Petition in Library Reference USPS-RM2020-1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY SPACE SUMMARY.xlsx." *See* 2019 FSUS Report at 21. Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," folder "MAPPING FILES" contains the workbooks used to organize the space data into space categories and is grouped by facility sample strata number folder in the "MAPPING FILES." 2019 FSUS Report at 18-19.

specific eFMS space survey fields or eFMS records were added to the space estimates for a given operation or function. *Id.* at 7. For other operations and functions, the space data were obtained from sampled FFS drive facility layouts. *Id*.

Peak Annex Adjustment. Proposal Nine includes a peak annex adjustment which assumes that the parcel volume increase is the primary reason additional space is required. *Id.* at 24. The adjustment "is expressed in annual terms and is equal to the weighted average of the lease term (in years) and the total space for each annex." *Id*. The peak annex space adjustment figures supplement "the MODS [manual parcels] MANP, MODS [international service center] ISC, [network distribution center] NDC MANP, and NONMODS MANP operation space totals."[31]

Other Adjustments. The Postal Service recommends that the space for "the MANP and PRIORITY operations [be] combined" and "the space for these operations be piggybacked in aggregate, similar to the manner in which the space for the [Automated Parcel and Bundle Sorter] APBS parcel and bundle sorting operations are piggybacked in aggregate."[32]

The proposed prototype facility file workbook contains a "Change Factors" worksheet (tab) that estimates space and rent change factors. Petition, Proposal Nine at 6. The space change factor is calculated as the percentage increase or decrease in

---

[31] *Id*. *See* Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY SPACE SUMMARY.xlsx," tabs "Peak Adj," "MP;" "D&R," and Excel file "FACILITY19.PROP9.xlsx," tab "FSUS Results."

[32] 2019 FSUS Report at 32; Reponses to CHIR No. 3, question 7.a. *See also* Docket No. ACR2019, Library Reference USPS-FY19-25, December 27, 2019, Excel file "MPPGBY19PRC.xlsx," tab "Facility Related Costs," cells D11-D12. The Postal Service states that:

> In this calculation, the imputed rents for a common pool of parcel and bundle sorting equipment space is distributed to APBS Priority and APBS Bundle cost pools based on the relative cost shares for the respective labor cost pools. Thus, of the $60.264 million in imputed rents [tab] 'Facility Space Data,' cell L12 for the space occupied by parcel and bundle sorting equipment at MODS plants, 83.6 percent ([tab] 'Cost Ratios,' cell G6; the APBS Priority share of APBS Priority and APBS Bundle labor costs) is assigned to APBS Priority and 16.4 percent is assigned to APBS Bundle.

Response to CHIR No. 3, question 14.a.

facility space between FY 2019 and the current fiscal year. *Id.* The rent change factor is calculated as the percentage increase or decrease in rental costs between FY 2005 and the current fiscal year (utilizing Global Insight).[33]

B. Impact

As compared to Docket No. ACR2018, Proposal Nine results in an increase of $127.3 million in total domestic Market Dominant mail attributable costs and a decrease of $303.8 million in total domestic Market Dominant services attributable costs (primarily due to a decrease of $317.7 million in attributable costs for Post Office Box Service).[34] Combined, overall total domestic Market Dominant attributable costs decrease by $176.5 million and total domestic competitive attributable costs increase by $85.3 million. *Id*. By domestic Market Dominant mail class, total First-Class Mail attributable costs increase by $69.2 million and total USPS Marketing Mail attributable costs increase by $54.3 million. *Id.*

The Postal Service states that the $317.7 million decrease in Post Office Box Service attributable costs is due to "the decrease to the measured post office box/caller space in the 2019 FSUS…" Response to CHIR No. 3, question 9.b. Under the Proposal Nine methodology, institutional costs increase by $75.6 million.[35]

As shown in Table 1, Proposal Nine also would increase the overall piggyback ratio from 1.69 to 1.70 (an increase of 0.64 percent). Response to CHIR No. 3, question 15.a. As a result of the Proposal Nine methodology, five of the mail

[33] *Id*. at 6. The Postal Service states that "[t]he rent change factor is calculated using the same methodology relied upon in prior ACR dockets." *Id.* at 7.

[34] Petition, Proposal Nine at 14. Appendix Table A shows the public facility-related cost impact detail.

[35] Petition, Proposal Nine at 14. In its Response to CHIR No. 3, questions 10.a.-10.b., the Postal Service provided a table showing the institutional cost increase by cost segment and component. Most of the increase is due to an increase in custodial personnel, utilities, and contract cleaner institutional costs. *Id.*

processing cost pools have major cost impacts (defined as pools with a change in cost of at least $50 million). *Id.*

Table 1
Impact of 2019 FSUS on Select[36] Mail Processing Operations Costs and Piggyback Ratios

Cost Pool	Total Mail Processing Specific Operations Cost $(000)			Piggyback Ratio		
	2019 FSUS	ACR2018	Cost Difference	2019 FSUS	ACR2018	Piggyback Ratio Percent Change
BCS/DBCS	2,965,480	2,908,326	57,155	1.973	1.935	1.97%
Platform	1,810,975	1,912,856	(101,882)	1.481	1.564	(5.33%)
NON-MODS Allied	996,565	1,252,136	(255,572)	1.661	2.087	(20.41%)
NON-MODS Distribution to P.O. Office Box	744,407	555,396	189,011	1.852	1.381	34.03%
NON-MODS Manual Parcel	1,639,676	1,454,668	185,008	1.599	1.419	12.72%
Total - All Space Categories	18,009,241	17,893,859	115,382	1.701	1.690	0.64%

Decrease in cost and piggyback ratio is denoted by ( ).
Source: Response to CHIR No. 3, question 15.a.; Docket No. ACR2018, Library Reference USPS-FY18-25, December 28, 2018, Excel file "MPPGBY18PRC.xlsx," tab "MP Piggybacks;" Library Reference USPS-RM2020-1-2, folder "Fldr.2.ChIR.3.Files," folder "Q.15.b," Excel file "MPPGBYPRC.PROP9.xlsx," tab "MP Piggybacks."

Table 2 presents the square footage change of select mail processing operations that drive the mail processing operations costs and piggyback ratio changes shown above.[37]

[36] Only those mail processing specific operations cost pools with a greater than $50 million change due to Proposal Nine are shown in this table.

[37] The Postal Service states that the increase in the rental values under the Proposal Nine methodology does not impact costs, "[o]verall, there is no impact to the total volume variable and product specific costs or other costs since volume variable imputed rents still exceeded accrued costs and thus were constrained by the cap."[footnote omitted] Response to CHIR No. 3, question 10.c.

Table 2
2019 FSUS Impact on Square Feet – Select Mail Processing Operations

Space Category/Mail Processing Operations	Square Feet			
	2019[a] FSUS	ACR2018	Difference	Percent Change
BCS/DBCS	12,853,171	9,377,577	3,475,594	37.06%
Platform	7,942,716	13,395,877	(5,453,162)	(40.71%)
NON-MODS Allied	13,645,140	30,285,177	(16,640,037)	(54.94%)
NON-MODS Distribution to P.O. Box	12,250,838	1,146,264	11,104,574	968.76%
NON-MODS Manual Parcel	19,141,118	6,064,403	13,076,715	215.63%
Total – All Space Categories	306,309,966	295,559,668	10,750,298	3.64%

Decrease in square feet is denoted by ( ).
[a] The Postal Service states that the space distribution is "as of the end of the fiscal year (FY) 2019, quarter 1." 2019 FSUS Report at 1.
Source: Response to CHIR No. 3, question 15.a.; Docket No. ACR2018, Library Reference USPS-FY18-8, Excel file "FCILTY18.xlsx," tab "FY 2018 Facility Data;" Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILTY19.PROP9.xlsx," tab "FSUS Facility Data."

V. COMMENTS

The Public Representative supports the approval of Proposal Nine because she maintains it more accurately reflects the Postal Service's network and operational changes since the 1999 FSUS and the methodology used in Docket No. ACR2018. PR Comments at 2, 4. She states that the current methodology is comprised of extensive approximations that have been added in a piecemeal fashion since 1999. *Id.* 2-3. She concludes that "Proposal Nine represents a much needed overhaul of facility-related cost attribution" and "improves the accuracy of facility-related cost attribution." *Id.* at 3.

The Public Representative notes that the coefficient of variation (CV) estimates for operations and functions to which large amounts of space is allocated "are within a respectable range."[footnote omitted] *Id*. However, for other CV estimates, she notes that some are "exceedingly high, in many cases, higher than those in the 1999 Study." *Id*.

She recommends that in future studies, the Postal Service "improve [the] CVs for smaller categories." *Id.*

VI. COMMISSION ANALYSIS

A. Overview

The Commission finds that the 2019 FSUS better reflects current operations and functions that have changed in the past 20 years since the 1999 FSUS, which underlies the existing methodology. The Commission also views the 2019 FSUS as an improvement over the current methodology because it uses more current operational data to update, validate, and adjust the space estimates. For these reasons, Proposal Nine significantly improves the quality, accuracy, and completeness of the Postal Service's facility-related space costs models, consistent with 39 C.F.R § 3050.42.

The specific Proposal Nine improvements over the current methodology are discussed further in sections B. and C. Sections D. and E. detail the impact of Proposal Nine on the space category estimates coefficients of variation and describe new reporting requirements for annual updates of space-related adjustments to include in future ACRs, respectively.

B. Updated Facility Space Usage Study is an Improvement Over Adjusted 1999 FSUS

The Commission agrees with the Public Representative and the Postal Service that "[g]iven the technological, operational, and facility changes that have taken place over the past twenty years, the 2019 FSUS space estimates more accurately represent the current operating environment, when compared to the 1999 FSUS space estimates."[38] The Postal Service states that "[c]onsidering all the network and equipment changes that have taken place since 1999, one would not expect that the

[38] Response to CHIR No. 3, questions 16.d.-16.f. *See* Appendix Tables B and C.

space distribution percentages would exactly match those previously contained in USPS-FY18-8."[39] As shown in the Appendix B and C tables of this Order, a number of space category values between the 2019 FSUS and adjusted 1999 FSUS are different enough to indicate that the adjusted 1999 FSUS overall does not correctly or accurately reflect facility space usage for current operations and functions.[40]

The Commission also considers the Proposal Nine methodology an improvement over the current methodology because it corrects for several space categories that appear to have been incorrectly assigned (*e.g.,* "data would seem to suggest that a significant amount of the NONMODS[In-Office Cost System] IOCS D.PO Box space in USPS-FY18-8 was incorrectly assigned to the post office box / caller service category.")[41]

The Postal Service notes that:

> Despite the fact that the cost analysis [based on the 1999 FSUS] associated with the use of facility space has been updated annually to reflect additions and subtractions of equipment types and sizes in the relevant ACR materials…the space adjustments [in the ACR] were approximations and did not involve a comprehensive approach to estimating space proportions as is done in this proposal.

Petition, Proposal Nine at 3. Additionally, the Postal Service's current adjustment process does not include changes related to facility activations, closures, or consolidations and uses the average space value for a given machine. 2019 FSUS Report at 33. The Commission agrees with the Postal Service that the Proposal Nine

[39] 2019 FSUS Report at 32. The space distribution percentages that the Postal Service states are "contained in USPS-FY18-8" are based on the adjusted and updated 1999 FSUS space distribution percentages in Docket No. ACR2018, Library Reference USPS-FY18-8, Excel file "FCILTY18.xlsx," tab "FY 2018 Facility Data." *See id.*

[40] *See* Appendix Tables B and C. Some of the space category differences are due to changes in the space category allocation or space category reorganization between the 1999 FSUS and the 2019 FSUS. *See* Response to CHIR No. 3, questions 7.f.-7.g., 8.

[41] Response to CHIR No. 3, questions 7.c.-7.d. Under the current methodology, the "Distrib. to PO Box" cost pool was derived from several other cost pools and the Postal Service contends that "[t]here was no corresponding space measured in the 1999 FSUS, but adjustments were later incorporated into the USPS-FY18-8 analysis." *Id*.

methodology is more comprehensive, which also increases the accuracy of the 2019 FSUS data over the adjusted 1999 FSUS.

C. Use of New and Operational Data to More Accurately Reflect Current Operational Changes is an Improvement Over the Adjusted 1999 FSUS

The Commission commends the Postal Service for developing a peak adjustment procedure that takes into account additional space for peak annex operations. *Id.* at 24.

Under the Proposal Nine methodology, the Postal Service used its operational data to "verify that the equipment contained in a given facility layout matched that shown in webEOR" and that "the major operations for a given mail processing facility are represented in the facility layouts." *Id.* at 6-7. The Commission agrees with the Postal Service that the additional operational data tools used to validate the space category study data under the Proposal Nine methodology will likely increase the overall accuracy, and the use of a small team to conduct the new study increased the consistency of the methodology.[42] For the updated FSUS, the Postal Service took a number of quality control steps by utilizing electronic data systems that were not available for the 1999 FSUS.[43] Additionally, the Postal Service states that "these electronic data systems make it easier to analyze how the space values may need to be adjusted over time as equipment is deployed and removed." *Id.*

---

[42] The Postal Service states that the 2019 FSUS "team was able to utilize tools that were not available during the previous study (*e.g.,* webEOR, the Facility File Share server), which enhanced the accuracy of this study." *Id.* at 33-34.

[43] Specifically the Postal Service states that:

> The Headquarters team also relied on electronic data systems (eFMS, FDB, the shared drive, webEOR, and webMODS) to support their work. In 1999, these data sources were not available. Each drawing could therefore be analyzed to ensure that it contained the same operations and equipment as reported to webMODS and webEOR, respectively. In 1999, the study coordinators would have had no way of knowing if there were any problems with the forms they received from the field.

Response to CHIR No. 3, questions 16.d.-16.f.

D. Impact of Proposal Nine on Space Categories Coefficients of Variation (CV)

Under the Proposal Nine methodology, a number of CVs for the space category estimates improved, suggesting more precise estimates as compared to the 1999 FSUS. *See* 2019 FSUS Report at 31. However, the CVs for a number of other space category estimates increased, suggesting less precise estimates for some space categories under the Proposal Nine methodology.[44]

The Postal Service states that "[t]he coefficient of variation values that were calculated for the DBCS, AFSM100, APBS/[Automated Package Processing System] APPS, and [Flats Sequencing System] FSS categories were close to the anticipated values…"[45] and that the space categories with "the highest coefficient of variation estimates were typically those operations or functions for which small amounts of space were sporadically found on the facility layouts."[46]

The Postal Service states that because its process used to tag, map, and review the facility drawings was "fairly standardized" (as compared to the 1999 FSUS), "the

[44] *Id*. The Postal Service also notes that some space categories' CVs from the 1999 FSUS can't be compared with the CVs from the new FSUS as "cost pools have changed over the past twenty years, some direct comparisons are not possible or are imperfect." *Id.* at 30. The Postal Service refers to "cost pools" rather than "space categories." The CVs are calculated for the space category estimated square feet and reflect the dispersion of average square feet values (rather than a "cost pool" per se) for each space category." *See* Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY SPACE SUMMARY.xlsx," tabs "CV" (where all sampled facilities CVs are compiled).

[45] 2019 FSUS Report at 33. The Postal Service states that "there is no single criterion that can be used to determine sample size requirements." *Id.* at 11. Since the mail processing facility sample is used to produce facility space estimates for both equipment types and other space categories, the Postal Service explained that "[t]he adequacy of the sample size is assessed using criteria for major equipment categories." *Id.* Under the Proposal Nine methodology, the sample size for mail processing facilities was selected to "produce sampling coefficients of variation (CV) of less than five percent for the DBCS and AFSM100 proxies, using a combined ratio estimator." *See id.* at 10-12.

[46] *Id.* at 33. The Postal Service also notes that some space categories' CVs from the 1999 FSUS cannot be compared with the CVs from the new FSUS as "cost pools have changed over the past twenty years, some direct comparisons are not possible or are imperfect." *Id.* at 30. The Postal Service refers to "cost pools" rather than "space categories." The CVs are calculated for the space category estimated square feet and reflect the dispersion of average square feet values (rather than a "cost pool" per se) for each space category." *See* Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY SPACE SUMMARY.xlsx," tabs "CV" (where all sampled facilities CVs are calculated and compiled).

variation that might have existed in previous studies, due to differences in how field personnel completed the surveys, was not a factor in the current study."[47]

The Postal Service explains that where the number of facilities performing those operations was consolidated into a smaller number of facilities, the CV also increased.[48] The Postal Service states that

> In general, there are three factors that could have also contributed to the increased CV values for all the space categories not discussed above in the responses to parts a and b [of question 16]: smaller sample size for delivery and retail (D&R) facilities compared to the 1999 FSUS, fewer D&R strata, and changes in the space pools themselves.

Response to CHIR No. 3, question 16.c. For each of the selected operation space categories shown in Table 3, the Postal Service does not completely identify which factor(s) caused the CVs to increase.

[47] *Id.* at 34. The Postal Service contends that because a small team of individuals conducted the new study, the Proposal Nine data collection and space allocation methodology is more consistent thereby producing more accurate results. *Id.* at 16.

[48] The Postal Service describes "operational changes in the handling of [undeliverable as addressed] UAA mail likely affect the CV for the non-MODS IOCS [Computerized Forwarding System] CFS space category. The operations performed at CFS units were consolidated into a smaller number of facilities in the late 1990s and early 2000s. Consequently, the presence of CFS space had more variability across facilities…" and explains for the NON-MODS MISC category, that in the 2019 FSUS, delivery and retail space was mapped to the non-MODS MISC cost pool only when it did not appear to be related to any of the other categories that "occurred relatively rarely, in part because several additional non-MODS labor cost pools have been incorporated in the mail processing cost model. It is therefore not surprising that the CV value for this space category increased." Response to CHIR No. 3, questions 16.a., c.

Table 3
Selected 2019 FSUS and 1999 FSUS Space Categories,
Comparison of Coefficients of Variation

Space Category No.	Operation/Function	2019 FSUS[a] Estimated Square Feet	Coefficient of Variation (CV)	
			2019 FSUS[a]	1999 FSUS
12	MODS 17 1CANCEL	2,668,509	5.965%	4.000%
34	NDCS 17 PLA	1,960,681	11.319%	5.000%
41	NONMODS IOCS BULKACC	1,673,356	17.501%	6.400%
43	NONMODS IOCS CFS	4,425,592	11.912%	9.900%
44	NONMODS IOCS D.PO BOX	12,250,838	8.799%	NA
46	NONMODS IOCS MANF	4,293,378	11.513%	4.800%
47	NONMODS IOCS MANL	3,748,355	14.261%	7.200%
48	NONMODS IOCS MANP	19,141,118	6.124%	5.900%
49	NONMODS IOCS MISC	1,960,199	39.586%	7.000%
52	Window Service	18,220,608	8.932%	2.700%
54	Post Office Boxes/Caller Service	12,074,197	8.668%	3.100%
56	City Carrier	35,255,807	9.557%	4.100%
57	Rural Carrier	21,330,487	10.443%	6.900%
58	Office Space/Corridors	24,029,897	6.623%	3.800%
61	Employee Facilities	16,612,468	5.003%	1.900%
65	HQ, HQ Field Related & Area Offices	6,849,016	25.186%	NA

[a] The Postal Service states that the space distribution is "as of the end of the fiscal year (FY) 2019, quarter 1." 2019 FSUS Report at 1.
Source: *See* 2019 FSUS at 31. Note: "NA" indicates no CV from the 1999 FSUS. Response to CHIR No. 3, question 16.b.

The Commission has previously stated that

> The most commonly used measure of the precision of the data obtained from probability sampling is the coefficient of variation. The CV is the standard deviation divided by the estimate [average or mean] itself, which yields a normalized measure of the precision of the sample data. A customary result that indicates an acceptable level of precision is a CV of under 1 percent, under 5 percent, or under 10 percent, depending on the uses to be made."[49]

Depending on the data and the use of the estimated mean or average, the Commission explained (for the IOCS) that the "CV measures the variability of a data set in relationship to the average or mean value of the data set. A large CV (typically greater than 2.5 percent) indicates that there is wide dispersion of the data around the mean, which suggests that [the]…estimate may not adequately represent the average…."[50]

The Postal Service states that "[a] field study in which delivery units are sampled randomly is neither practical nor feasible." 2019 FSUS Report at 14. Further, it explains that "[i]f strict random sampling methods were to be used, data collectors would need to engage in the time consuming [costly and potentially disruptive] process of trying to determine whether a drawing for a given facility exists, where it is located, and whether it reflects current operations." *Id.* at 14-15. The Commission recognizes that there may be mitigating circumstances that affect the level of attainable precision given that sample size is generally determined by balancing the desired degree of precision with the cost of attaining that precision.[51]

The Commission recommends that in the Postal Service's next FSUS update, it include a more thorough analysis for each large space category where the precision, based on the CV, appears reduced in the updated data. Additionally, because the

---

[49] *See* Docket No. RM2009-5, Order Concerning Analytical Principles for Periodic Reporting (Proposal One), January 21, 2010, at 6 (Order No. 396).

[50] *See* Docket No. RM2011-5, Order Concerning Analytical Principles for Periodic Reporting (Proposals Ten Through Twelve), May 4, 2011, at 7 n.16 (Order No. 724).

[51] *See* Docket No. RM2014-1, Order on Analytical Principles Used in Periodic Reporting (Proposals Six Through Nine), May 8, 2014, at 9-10 (Order No. 2076).

space categories inputs that are distributed to products are summed across space categories to create a single distribution key,[52] it is not clear how or whether the relative impact of one or several large space categories inputs would materially change the final distribution key results if the average space estimate varies or is less precise. The Commission recommends that the Postal Service also address these issues and attempt to isolate and improve the factors that increased the CVs particularly for large space categories.

Despite some higher CVs under the Proposal Nine methodology, the Commission approves the Proposal Nine methodology to distribute facility-related costs in future ACRs because overall it improves the quality, accuracy, and completeness of Postal Service's facility-related cost models.

E. Annual Updates of Peak Annex Adjustments and Other Potential Adjustments to Include in Future ACRs

The Postal Service contends that "[t]here are multiple reasons that could lead to space shortages during peak season, but one of the primary reasons is the increase in the volume of parcel-shaped mail." 2019 FSUS Report at 24. For this reason, it adds the peak adjustment annex space increases to the "MODS MANP," "MODS ISC," "NDC MANP," and "NONMODS MANP" space category totals.[53] This explanation is feasible for a number of the peak annex adjustments listed in the "FACILITY SPACE SUMMARY.xlsx" file.[54] However, the Commission asks the Postal Service to verify in

[52] *See* for example the calculation for the "Total Space Value" distribution key (CRA component 1099) in Docket No. ACR2018, Library Reference USPS-FY18-31, folder "USPS-FYY18-31.Files," folder "CRA Cost Files," Excel file "FY18Public.B.xlsx," tab "CS98.5," column CA. The "Total Space Value" for that mail product (in the row) is the sum of all the distributed to products space categories for that mail product (the sum for the mail product row across the space categories in columns D through BW).

[53] 2019 FSUS Report at 2. *See* Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY SPACE SUMMARY.xlsx," tabs "Peak Adj," "MP," "D&R," Excel file "FACILITY19.PROP9.xlsx," tab "FSUS Results."

[54] *See* Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY SPACE SUMMARY.xlsx," tab "Peak Adj."

its next ACR filing the assumption (particularly for those annex spaces leased 4 months and longer) that the annex space usage is entirely due to packages and that the supplemental space should only be added to the space category totals identified in the Proposal Nine methodology.

The Postal Service states that in the workbook (Excel file "FACILITY SPACE SUMMARY.xlsx)[55] tab "D&R Sample," it used the nationwide percentage distribution between city carriers and rural carriers, rather than the distribution in the D&R facilities sampled, to redistribute the space between these two functions reported in the Postal Service's FY 2018 Annual Report to Congress.[56] Given that it appears the FY 2018 Annual Report to Congress nationwide carrier percentage distribution is as of the end of the fiscal year,[57] it is not clear why the nationwide percentage used is superior.[58] It is also unclear why peak annex space operations under the Proposal Nine methodology do not also include an adjustment for the space changes due to the increase in the number of carriers during peak season.

Where material equipment space differences may exist (either due to the number or type deployed or removed), the Commission also requests that the Postal Service use more precise equipment space data as opposed to combining equipment types and

[55] The Postal Service states that "[t]he calculations that are used to estimate the space by operation and function are performed in the 'Facility Space Summary.xlsx' file." 2019 FSUS Report at 21.

[56] 2019 FSUS Report at 29. In the workbook (Excel file "FACILITY SPACE SUMMARY.xlsx) tab "D&R Sample," the city carriers from the sampled delivery and retail facilities represented 65.79 percent of the total carriers sampled and the rural carriers represented 34.21 percent of the total carriers sampled. *Id*. The Postal Service used the FY 2018 ARC percentages of 61.83 percent and 38.17 percent, to distribute the space between the city carrier and rural carrier space categories. *Id.* The FY 2018 ARC is filed in Docket No. ACR2018, Library Reference USPS-FY18-17, December 28, 2018. *See* Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY SPACE SUMMARY.xlsx," tab "D&R Sample," columns U, V, W, rows 157-161.

[57] *See* Docket No. ACR2019, Library Reference USPS-FY19-17, December 27, 2019, *United States Postal Service FY2019 Annual Report to Congress*, at 1 n.1.

[58] The Postal Service states that "[i]n future ACR dockets, the eFMS data will reflect the actual Quarter 2 space for each fiscal year." 2019 FSUS Report at 35.

using averages to adjust the space categories for equipment deployments or removals in future ACRs.[59]

In order to ensure the most updated inputs, the Commission directs the Postal Service to update the peak annex adjustment on an annual basis in its ACR filing.[60] If it is unable to do so in the FY 2020 ACR, the Postal Service should describe the resources needed to complete an annual update to its peak annex adjustment procedure and a proposed schedule for the implementation.[61]

VII. CONCLUSION

Based upon a review of the Postal Service's filings, supporting workpapers, responses to CHIRs, and comments, the Commission approves Proposal Nine. Pursuant to 39 C.F.R § 3050.42, the Commission finds that the proposed analytical methodology significantly improves the quality, accuracy, and completeness of the Postal Service's facility-related cost models.

As explained above, Proposal Nine will replace a 20 year old study, which is based on survey data, with a study based on current operational data. The new study captures significant, subsequent operational facility-space related changes. For these reasons, the Commission finds that Proposal Nine represents an improvement over the existing methodology and satisfies 39 C.F.R § 3050.42.

---

[59] *See* Response to CHIR No. 3, questions 4.d., 5.a-5.b.

[60] The Postal Service should modify its proposed ACR prototype file (Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY19.PROP9.xlsx") to include a peak annex adjustment workbook tab in the same format as that provided in Library Reference USPS-RM2020-1/1, folder "Prop.9.Fldr.1.Facility.Files," Excel file "FACILITY SPACE SUMMARY.xlsx," tab "Peak Adj."

[61] The Postal Service states that the peak annex operations data "were provided by Headquarters Operations personnel." 2019 FSUS Report at 24. The Postal Service states that the results from the Proposal Nine study "will not require extensive modification unless the postal network is dramatically overhauled. Instead, the analysis can be modified annually to reflect equipment removals and deployments." *Id.* at 34. Including an annually updated peak annex adjustment under the Proposal Nine methodology appears feasible.

Furthermore, the Commission suggests that the Postal Service update the facility-related space study on a more frequent basis. Costing studies require regular evaluation to ensure that they accurately reflect the Postal Service's operational realities. The Commission recommends that the Postal Service reassess the facility-related cost model every 5 to 10 years, or earlier, if major operational changes occur.

In addition, to improve the accuracy of its facility-space related cost estimates in future ACRs, the Postal Service should include an annual peak annex adjustment, and include a workbook tab showing the calculation of the peak annex adjustment in its ACR facility workbook.

VIII. ORDERING PARAGRAPH

It is ordered:

1. For purposes of periodic reporting to the Commission, the changes in analytical principles proposed by the Postal Service in Proposal Nine are approved.
2. Starting with the FY 2020 ACR, the Postal Service is required to include the following: a discussion and analysis of its assumption that for all annexes, for the entire period leased, the supplemental space should only be added to the space categories identified in this proposal; updated annual annex space adjustments applied to the 2019 FSUS; and the updated annual annex adjustment calculation workbook and workpapers (showing the same level of detail as provided in the Excel file "FACILITY SPACE SUMMARY.xlsx," tab "Peak Adj").

3. Starting with the FY 2020 ACR, the Commission directs the Postal Service to incorporate an updated annual annex adjustment in its ACR facility-space adjustments. If the Postal Service is not able to incorporate an updated FY 2020 annex adjustment in its next ACR filing, it should describe the resources needed to do so and an implementation date.

By the Commission.

Erica A. Barker
Secretary

Appendix Table A
Facility-Related Cost Impact

Component Name		Total Volume Variable & Product Specific			
		Docket No. ACR2018 ($000)	Proposal Nine ($000)	Difference ($000)	Percentage Difference
DOMESTIC MARKET DOMINANT PRODUCTS					
First-Class Mail					
Single Piece Letters	3	$5,048,685	$5,070,064	$21,379	0.42%
Single Piece Cards	4	$182,871	$184,065	$1,194	0.65%
Total Single Piece Letters and Cards	5	$5,231,556	$5,254,129	$22,573	0.43%
Presort Letters	8	$4,396,232	$4,439,873	$43,640	0.99%
	9	$170,450	$171,908	$1,458	0.86%
Total Presort Letters and Cards	10	$4,566,683	$4,611,780	$45,098	0.99%
Flats	14	$1,551,207	$1,552,744	$1,537	0.10%
Total First-Class	80	$11,349,446	$11,418,654	$69,208	0.61%
USPS Marketing Mail					
High Density and Saturation Letters	21	$580,259	$584,592	$4,333	0.75%
High Density and Saturation Flats/Parcels	22	$1,357,287	$1,362,434	$5,147	0.38%
Every Door Direct Mail Retail	24	$47,391	$47,628	$238	0.50%
Carrier Route	23	$1,703,674	$1,700,749	-$2,925	-0.17%
Letters	25	$4,853,058	$4,894,979	$41,921	0.86%
Flats	26	$2,396,759	$2,400,866	$4,107	0.17%
Parcels	27	$73,421	$74,914	$1,492	2.03%
Total USPS Marketing Mail	81	$11,011,849	$11,066,161	$54,312	0.49%
Periodicals					
In County	31	$83,266	$83,993	$727	0.87%
Outside County	32	$1,801,243	$1,801,893	$650	0.04%
Total Periodicals	82	$1,884,508	$1,885,886	$1,377	0.07%
Package Services					
Alaska Bypass Service	45	$18,720	$18,720	$0	0.00%
Bound Printed Matter Flats	42	$133,003	$132,210	-$792	-0.60%
Bound Printed Matter Parcels	43	$292,050	$297,158	$5,108	1.75%
Media/Library Mail	44	$359,531	$358,961	-$570	-0.16%
Total Package Services	83	$803,304	$807,050	$3,746	0.47%
U.S. Postal Service	85	$331,526	$329,794	-$1,732	-0.52%
Free Mail	86	$34,077	$34,492	$415	1.22%
Total Domestic Market Dominant Mail	90	$25,414,710	$25,542,036	$127,327	0.50%
Special Services					
Ancillary Services					
Certified Mail	51	$521,772	$530,612	$8,840	1.69%
COD	52	$2,865	$2,891	$26	0.92%
Insurance	54	$48,453	$48,546	$93	0.19%
Registered Mail	55	$18,129	$17,695	-$434	-2.39%

Stamped Envelopes	56	$10,798	$10,761	-$36	-0.34%
Stamped Cards	57	$208	$208	$0	-0.03%
Other Ancillary Services	58	$227,621	$233,756	$6,135	2.70%
Address Management Services	61	$6,262	$6,262	$0	0.00%
Caller Service	62	$26,298	$26,000	-$298	-1.13%
Money Orders	73	$145,073	$144,654	-$419	-0.29%
Post Office Box Service	74	$634,371	$316,639	-$317,732	-50.09%
Total Domestic Market Dominant Services	91	$1,641,848	$1,338,024	-$303,824	-18.51%
Total Domestic Market Dominant Costs	92	$27,056,557	$26,880,060	-$176,498	-0.65%
Total Domestic Competitive Costs	192	$13,442,937	$13,528,216	$85,279	0.63%
INTERNATIONAL MAIL AND SERVICES	185	$2,035,571	$2,051,206	$15,634	0.77%
TOTAL VOL VAR & PROD SPEC	198	$42,535,066	$42,459,482	-$75,584	-0.18%
OTHER COSTS	199	$32,160,920	$32,236,504	$75,584	0.24%
TOTAL COSTS	200	$74,695,986	$74,695,986	$0	0.00%

Source: Petition, Proposal Nine at 14.

Appendix Table B
Facility Space Usage Results-Square Feet

Space No.	Operation/Function		2019[a] FSUS Square Feet	ACR2018	Difference Square Feet
1	MODS 11 & 15	D/BCS	12,853,171	9,377,577	3,475,594
2	MODS 12 & 17	AFSM100	5,151,274	4,137,907	1,013,367
3	MODS 12 & 17	FSS	3,329,240	3,811,141	(481,901)
4	MODS 13	APBS	9,453,417	7,291,107	2,162,310
5	MODS 16	LCUS-SSM	1,613,493	1,243,890	369,603
6	MODS 16	1TRAYSRT	3,985,836	2,280,034	1,705,802
7	MODS 14	MANF	925,238	260,349	664,890
8	MODS 14	MANL	953,668	337,871	615,797
9	MODS 14	MANP	2,511,204	929,759	1,581,445
10	MODS 14	PRIORITY	902,869	2,373,112	(1,470,242)
11	MODS 15	LD15RECS	347,928	397,464	(49,535)
12	MODS 17	1CANCEL	2,668,509	3,532,890	(864,381)
13	MODS 17	1DSPATCH	763,477	1,021,843	(258,366)
14	MODS 17	1MTRPREP	39,021	0	39,021
15	MODS 17	1OPBULK	542,543	991,501	(448,958)
16	MODS 17	1OPPREF	894,104	1,966,263	(1,072,160)
17	MODS 17	1OPTRANS	0	0	0
18	MODS 17	1PLATFRM	7,942,716	13,395,877	(5,453,162)
19	MODS 17	1POUCHNG	225,182	451,246	(226,064)
20	MODS 17	1PRESORT	84,041	255,601	(171,559)
21	MODS 17	1SACKS_H	42,511	588,199	(545,688)
22	MODS 17	1SCAN	1,294,658	1,336,526	(41,868)
23	MODS 18	BUSREPLY	31,517	192,037	(160,520)
24	MODS 18	EXPRESS	403,861	527,764	(123,903)
25	MODS 18	REGISTRY	468,064	548,864	(80,800)
26	MODS 18	REWRAP	85,108	138,523	(53,415)
27	MODS 18	1EEQMT	2,236,781	3,209,708	(972,926)
28	MODS 18	1MISC	133,033	680,604	(547,571)
29	MODS 18	1SUPPORT	6,258	0	6,258
30	All LDCs	INTL ISC	2,434,592	1,581,571	853,022
31	NDCS 12 & 17	FSS	328,647	0	328,647
32	NDCS 14	MANP	633,382	633,833	(451)
33	NDCS All LDCs	OTHER	951,088	1,317,397	(366,309)
34	NDCS 17	PLA	1,960,681	2,530,395	(569,714)
35	NDCS 13	PSM	3,458,428	3,433,489	24,939
36	NDCS 13	APBS	915,039	743,888	171,151
37	NDCS 16	LCUS-SSM	729,622	1,159,853	(430,232)
38	NDCS 16	TRAYSORT	761,036	152,586	608,450
39	NONMODS IOCS	ALLIED	13,645,140	30,285,177	(16,640,037)
40	NONMODS IOCS	AUTO/MECH	129,573	108,543	21,030
41	NONMODS IOCS	BULKACC	1,673,356	1,618,763	54,593
42	NONMODS IOCS	BUSREPLY	64,765	0	64,765
43	NONMODS IOCS	CFS	4,425,592	0	4,425,592
44	NONMODS IOCS	D.PO BOX	12,250,838	1,146,264	11,104,574
45	NONMODS IOCS	EXPRESS	71,732	421,285	(349,553)
46	NONMODS IOCS	MANF	4,293,378	3,105,688	1,187,690
47	NONMODS IOCS	MANL	3,748,355	2,835,977	912,378
48	NONMODS IOCS	MANP	19,141,118	6,064,403	13,076,715

49	NONMODS IOCS	MISC	1,960,199	3,168,868	(1,208,668)
50	NONMODS IOCS	OTH ACCT	800,880	0	800,880
51	NONMODS IOCS	REGISTRY	663,176	644,097	19,079
52	Window Service		18,220,608	18,006,390	214,218
53	Self-Service Postal Center		738,228	2,460,089	(1,721,861)
54	Post Office Boxes/ Caller Service		12,074,197	26,361,116	(14,286,919)
55	Claims & Inquiry		122,940	450,054	(327,114)
56	City Carrier		35,255,807	25,784,724	9,471,084
57	Rural Carrier		21,330,487	8,616,533	12,713,954
58	Office Space/Corridors		24,029,897	26,078,081	(2,048,184)
59	Mail Processing Equipment Maintenance		5,468,995	4,715,639	753,356
60	Other Equipment Maintenance		1,293,900	2,148,728	(854,828)
61	Employee Facilities		16,612,468	23,093,759	(6,481,291)
62	Vehicle Maintenance Facility		5,426,578	6,600,898	(1,174,320)
63	Covered Vehicle Storage and Parking		13,658,010	9,052,857	4,605,153
64	Vacant & Tenant		4,820,660	7,953,410	(3,132,750)
65	HQ, HQ Field Related and Area Offices		6,849,016	5,851,172	997,845
66	Mail Transportation Equipment Service Centers		0	1,039,379	(1,039,379)
67	Storage Facilities		5,478,839	5,117,108	361,731
		Total	306,309,966	295,559,668	

[a] The Postal Service states that the space distribution is "as of the end of the fiscal year (FY) 2019, quarter 1." 2019 FSUS Report at 1.

Source: 2019 FSUS at 31; Docket No. ACR2018, Library Reference USPS-FY18-8, Excel file "FCILITY18.xlsx," tab "2018 Facility Data." Values of 0 within the table may be due to no applicable data or due to space category changes. 2019 FSUS Report at 30, 32; Response to CHIR No. 3, question 16.b.

Appendix Table C
Facility Space Usage Results-Percent

Space No.	Operation/Function		2019 FSUS Percent of Space Total	ACR2018, Percent of Space Total
1	MODS 11 & 15	D/BCS	4.196%	3.173%
2	MODS 12 & 17	AFSM100	1.682%	1.400%
3	MODS 12 & 17	FSS	1.087%	1.289%
4	MODS 13	APBS	3.086%	2.467%
5	MODS 16	LCUS-SSM	0.527%	0.421%
6	MODS 16	1TRAYSRT	1.301%	0.771%
7	MODS 14	MANF	0.302%	0.088%
8	MODS 14	MANL	0.311%	0.114%
9	MODS 14	MANP	0.820%	0.315%
10	MODS 14	PRIORITY	0.295%	0.803%
11	MODS 15	LD15RECS	0.114%	0.134%
12	MODS 17	1CANCEL	0.871%	1.195%
13	MODS 17	1DSPATCH	0.249%	0.346%
14	MODS 17	1MTRPREP	0.013%	0.000%
15	MODS 17	1OPBULK	0.177%	0.335%
16	MODS 17	1OPPREF	0.292%	0.665%
17	MODS 17	1OPTRANS	0.000%	0.000%
18	MODS 17	1PLATFRM	2.593%	4.532%
19	MODS 17	1POUCHNG	0.074%	0.153%
20	MODS 17	1PRESORT	0.027%	0.086%
21	MODS 17	1SACKS_H	0.014%	0.199%
22	MODS 17	1SCAN	0.423%	0.452%
23	MODS 18	BUSREPLY	0.010%	0.065%
24	MODS 18	EXPRESS	0.132%	0.179%
25	MODS 18	REGISTRY	0.153%	0.186%
26	MODS 18	REWRAP	0.028%	0.047%
27	MODS 18	1EEQMT	0.730%	1.086%
28	MODS 18	1MISC	0.043%	0.230%
29	MODS 18	1SUPPORT	0.002%	0.000%
30	All LDCs	INTL ISC	0.795%	0.535%
31	NDCS 12 & 17	FSS	0.107%	0.000%
32	NDCS 14	MANP	0.207%	0.214%
33	NDCS All LDCs	OTHER	0.310%	0.446%
34	NDCS 17	PLA	0.640%	0.856%
35	NDCS 13	PSM	1.129%	1.162%
36	NDCS 13	APBS	0.299%	0.252%
37	NDCS 16	LCUS-SSM	0.238%	0.392%
38	NDCS 16	TRAYSORT	0.248%	0.052%
39	NONMODS IOCS	ALLIED	4.455%	10.247%
40	NONMODS IOCS	AUTO/MECH	0.042%	0.037%
41	NONMODS IOCS	BULKACC	0.546%	0.548%
42	NONMODS IOCS	BUSREPLY	0.021%	0.000%

43	NONMODS IOCS	CFS	1.445%	0.000%
44	NONMODS IOCS	D.PO BOX	3.999%	0.388%
45	NONMODS IOCS	EXPRESS	0.023%	0.143%
46	NONMODS IOCS	MANF	1.402%	1.051%
47	NONMODS IOCS	MANL	1.224%	0.960%
48	NONMODS IOCS	MANP	6.249%	2.052%
49	NONMODS IOCS	MISC	0.640%	1.072%
50	NONMODS IOCS	OTH ACCT	0.261%	0.000%
51	NONMODS IOCS	REGISTRY	0.217%	0.218%
52	Window Service		5.948%	6.092%
53	Self-Service Postal Center		0.241%	0.832%
54	Post Office Boxes/Caller Service		3.942%	8.919%
55	Claims & Inquiry		0.040%	0.152%
56	City Carrier		11.510%	8.724%
57	Rural Carrier		6.964%	2.915%
58	Office Space/Corridors		7.845%	8.823%
59	Mail Processing Equipment Maintenance		1.785%	1.595%
60	Other Equipment Maintenance		0.422%	0.727%
61	Employee Facilities		5.423%	7.814%
62	Vehicle Maintenance Facility		1.772%	2.233%
63	Covered Vehicle Storage and Parking		4.459%	3.063%
64	Vacant & Tenant		1.574%	2.691%
65	HQ, HQ Field Related and Area Offices		2.236%	1.980%
66	Mail Transportation Equipment Service Centers		0.000%	0.352%
67	Storage Facilities		1.789%	1.731%
		Total	100%	100%

[a] The Postal Service states that the space distribution is "as of the end of the fiscal year (FY) 2019, quarter 1." 2019 FSUS Report at 1.

Source: 2019 FSUS at 31; Docket No. ACR2018, Library Reference USPS-FY18-8, Excel file "FCILITY18.xlsx," tab "2018 Facility Data." Values of 0 within the table may be due to no applicable data or due to space category changes. 2019 FSUS Report at 30, 32; Response to CHIR No. 3, question 16.b.